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County of Los Angeles CHIEF EXECUTIVE OFFICE

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Board of Supervisors
GLORIA MOLINA
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Third District

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MICHAEL D. ANTONOVICH
Fifth District

February 21, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**OVERSIGHT BOARDS FOR REDEVELOPMENT SUCCESSOR AGENCIES -
APPOINTMENTS AND SUPPORT
AND APPROVAL FOR INTERIM ORDINANCE AUTHORITY AND APPROPRIATION
ADJUSTMENT
(ALL DISTRICTS AFFECTED) (3 VOTES)**

SUBJECT

Recommendation to approve a workplan, timeline, appointment mechanism and policies for appointing County members to oversight boards, which will oversee the activities of successor agencies to redevelopment agencies, which were dissolved under the provisions of ABx1 26, and to clarify that the authority for the additional seven positions for the Executive Officer of the Board of Supervisors for administrative support, which was approved by your Board on February 14, 2012 under Agenda No 45-C, shall sunset when the Executive Office determines that these positions are no longer needed.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve in concept a recommended workplan and timeline for appointing members to oversight boards which will oversee the activities of successor agencies to redevelopment agencies which were dissolved under the provisions of ABx1 26.
2. Approve an appointment mechanism for your Board's appointments to the oversight boards.

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3. Approve revised policies governing nominations and appointments to oversight boards.
4. Clarify that the interim ordinance authority for the additional seven positions, which was given to the Executive Officer of the Board of Supervisors to enable the Executive Officer to undertake administration of the oversight boards, and which was approved by your Board on February 14, 2012 under Agenda No 45-C shall sunset when the Executive Officer determines that these positions are no longer needed, or the oversight boards are terminated, whichever is earlier.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On January 17, 2012, among other actions regarding implementation of ABx1 26 (dissolution of community redevelopment agencies), your Board directed this Office, in conjunction with the Auditor-Controller, County Superintendent of Education, and special districts who will have authority to make appointments to oversight boards under the terms of ABx1 26, to report back to your Board no later than February 7, 2012 with a recommended mechanism for making such appointments. On February 3, 2012, based on discussions with your offices and County departments, we requested a one-week extension.

On February 1, 2012 Redevelopment Agencies (RDAs) in the State of California were dissolved according to ABx1 26. All assets and properties of the former RDAs that were funded by tax increment are to be expeditiously disposed of. For all 71 former RDAs in the County, with the exception of the City of Los Angeles, the host cities have become the former agencies' successor agencies. (The City of Los Angeles has opted not to assume this role, and a three-member successor agency has been appointed by the Governor to fulfill this role.)

The actions of the successor agencies will be directed and approved by an oversight board, consisting of seven members appointed by:

- The County Board of Supervisors (2) – one representing the County and one a member of the public;
- The city that formed the RDA (2) – one representing the city and one representing the former agency employees (note that for County unincorporated areas, per ABx1 26 as it applies to the County, one "city" appointment will be made by the County Superintendent of Education, while the other [who must

represent the employees of the former redevelopment agency], would be made by your Board);

- The largest special district by property tax share in the former agency's jurisdiction (1);
- The County Board of Education (1); and
- The Community College District (1).

In all but 11 of the 71 former RDAs, a County special district, under the direction of your Board, is the largest special district under the terms of the law. Therefore, based on the two Board appointments and 60 special district appointments, your Board will need to make 202 appointments. To the extent some or all appointees serve on multiple oversight boards (i.e., up to five each), the total number of "unique" appointments may be significantly less.

Oversight boards shall:

- Have fiduciary responsibilities to holders of enforceable obligations of the former RDA and to the taxing entities that benefit from distributions of property tax as the assets and obligations of the former RDAs are wound down. The legally enforceable obligations of the former RDAs (bonds, contracts) will continue to be paid, but the excess property tax remaining after those payments will be distributed to the taxing entities (schools, county, city, etc.) to fund basic government services.
- Serve without compensation or reimbursement of expenses; may serve on up to five oversight boards; and will have personal immunity from suit for their actions taken as oversight board members. Each member of an oversight board will serve at the pleasure of the entity that appointed them. Commencing on July 1, 2016, the 71 oversight boards in the County will be replaced by a single oversight board.

Recommendations

Below are recommendations for your Board's consideration to approve a workplan, timeline, appointment mechanism and policies to govern County appointments to oversight boards.

Workplan and Timeline

Attachment I includes a recommended Workplan and Timeline for making County appointments to the oversight boards, coordinating with other appointing entities, and preparing to convene and support the boards. We are recommending your Board's approval in concept as minor adjustments may need to be made as the process unfolds. We have every intention of accelerating the timeline wherever feasible.

Appointment Mechanism

Regarding an appointment mechanism for the County's appointments (the two County appointments and the County special district appointment), we recommend that each Supervisor nominate oversight members for successor agencies in their district, to be confirmed by your full Board, except those relating to the City of Los Angeles Successor Agency and the County's Community Development Commission, discussed below. County staff will provide the Board with lists of potential nominees for their consideration.

CDC and LA City

For CDC and LA City, we are proposing that the Supervisorial Districts with the greatest number of projects areas from those agencies nominate the members of those oversight boards:

- For CDC, the three County nominations would be made by Districts 1, 2, and 5. (The "city" appointments would be made by the County Superintendent of Education and your Board as described above.)
- For LA City, nominations would be made by Districts, 1, 2 and 3.

Policies

The following are policies of the Los Angeles County Board of Supervisors pertaining to nominations and appointments for County or special district (where the Board of Supervisors serves as the governing body of a special district) members to oversight boards, which will oversee the activities of redevelopment successor agencies under the provisions of ABx1 26:

1. Appointees should represent the interests of the County of Los Angeles, and be cognizant of, and capable of carrying out, their fiduciary duties to the County, the holders of enforceable obligations of the former RDA, and the taxing entities that benefit from distributions of property tax as the assets and obligations of the former RDAs are wound down. As cities are provided the authority to make two separate appointments to such oversight boards to represent their interests, the County should not appoint members representing, or giving the appearance of representing, the interests of the city acting as the successor agency or former redevelopment agency whose actions the oversight board will be directing and approving. Examples of people who should not be appointed include, but are not limited to, current and recent: mayors, council members, city managers, city employees; and board members and employees of the former redevelopment agency/successor agency that is within the jurisdiction of the oversight board.
2. In order to avoid conflicts of interest or the appearance of conflicts of interest, the County should not appoint contractors, consultants, lobbyists, developers, property owners, or any other individuals or representatives of for-profit or non-profit organizations that have, or have had at anytime between the 12 months prior to the "wind down of redevelopment activities" (defined for this purpose as June 29, 2011) and the present, significant business before the city, former redevelopment agency, or successor agency that is within the jurisdiction of the oversight board.
3. County employees may be appointed to oversight boards (except for the "member of the public" appointment), and may receive their normal salary for fulfilling duties associated with such appointment.
4. The appointee representing the County (as opposed to the "member of the public" appointee) need not be a County official or employee.
5. Members of the Board of Supervisors may be appointed to oversight boards (except for the "member of the public" appointment), and may receive their normal salary for fulfilling duties associated with such appointment. (Please note, County Counsel is seeking conclusive clarification on this issue.)
6. Members appointed representing a Board-governed special district do not need to be employees of, or affiliated, with the special district.
7. Appointees shall reside in the County of Los Angeles.

8. Desirable qualifications for appointees include the following:

- **Specific Skills.** Some accounting, audit, legal or finance background would be helpful, as one of the primary tasks of the oversight boards will be to analyze the list of enforceable obligations submitted by the successor agencies, and to approve only those that are deemed to be legally enforceable.
- **Availability.** Actions related to the critical roles of the oversight boards will require a quorum, so meeting attendance will be essential. Oversight board meetings will be public, Brown Act meetings, and could include evening meeting times. The work and meeting frequency of each oversight board will vary depending on the size and complexity of the former RDA.
- **Independence.** It is anticipated that disputes will arise with successor agencies over which obligations should be covered. It is important to stress that oversight boards are not policy-making bodies. Rather, they will be required to uphold their fiduciary responsibilities using the definition of a legal obligation as it is defined in the law, not as negotiated with cities. It is possible that the oversight board meetings will be attended by numerous groups who wish to see the activities of the former RDAs be continued, contrary to the instructions contained in the law.

Exemptions from this policy require a majority vote of the Board of Supervisors.

The Executive Officer of the Board of Supervisors has sent a letter to each successor agency in the County to coordinate on the establishment of the oversight boards, offering administrative support for convening the meetings of the boards and scheduling orientation/training sessions. The training sessions will include Brown Act meeting requirements (coordinated by the Executive Officer of the Board of Supervisors), as well as guidance on oversight responsibilities under the law (we are securing consultant assistance to provide this training). We believe that consistency in support of the operations of the 71 boards would enhance their productivity and no other agency is better situated to provide this support than the County of Los Angeles.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the Fiscal Management Initiative under Goal 1 of the Strategic Plan: Operational Effectiveness.

FISCAL IMPACT/FINANCING

Dissolution of the redevelopment agencies and reallocation of revenue beyond the agencies' enforceable obligations may result in underdetermined additional revenue to the County as these excess revenues, if any, are distributed back to taxing entities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Not Applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these recommendations will allow the County to proceed with its role in implementing the dissolution of redevelopment agencies as provided by ABx1 26, and help ensure the agencies are dissolved consistent with the law and that any resulting revenues due the County are protected.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:EFS:MKZ
CA:RTM:ib

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Community Development Commission/Housing Authority

REDEVELOPMENT SUCCESSOR AGENCIES' OVERSIGHT BOARDS
Workplan and Timeline for Appointments, Training and Support

ACTION	TIMEFRAME	RESPONSIBLE PARTY
Resolve questions regarding eligible County and other agency appointments, including conflicts of interest	Week of January 30 th Completed	County Counsel
Issue letter to all cities regarding appointments process and administrative support for boards	Week of January 30 th Completed	Executive Officer of the Board
Identify groupings of boards which each nominee could serve on. The number of boards that a single member can serve on will vary depending on size and complexity of the agency.	Week of January 30 th Completed	CEO and other team members
Identify any criteria and potential desirable qualifications for board members	Week of January 30 th Completed	CEO and other team members
Obtain Board approval of conceptual mechanism for making County appointments to oversight boards	February 7, 2012 February 14, 2012	CEO
Meet with Board offices to solicit their needs and preferred approaches in appointment process; solicit names of nominees already identified.	Week of February 6 th Ongoing	CEO and other team members
Identify prospective nominee categories (e.g., County employees, retirees, commissioners, non-profits, CBOs, professional associations, etc.) and develop list for Board consideration	Week of February 6 th February 20 th	CEO and other team members, County departments, consultants
Coordinate with LACOE and County Board of Education on possible candidates	Week of February 13 th Completed	CEO and other team members, consultants
Gather/develop training materials and manual for oversight boards	Complete by early March	County team, consultants
Confirm prospective nominees with Board offices.	Week of March 6 th	CEO and other team members
Coordinate with all confirmed nominees	Mid-March	CEO/Executive Officer of the Board
Place nominations on Board Agenda.	Target March 27 Agenda	CEO/Executive Officer of the Board
Coordinate the following on their appointments: <ul style="list-style-type: none"> San Gabriel Valley Municipal Water District Chancellor of the Community Colleges Districts Cities 	Early April	CEO/Executive Officer of the Board, consultants
Provide training to boards in groupings	Throughout April	Consultants, team members
Provide administrative support, as necessary	April	Executive Officer of the Board
Determine space and logistical needs; make arrangements, as necessary	April	CEO/Executive Officer/BOS